

BND Exchange

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Bank of North Dakota News

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DEAL Loan

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Coalition® Announced

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Transmission Line



Eric Hardmeyer

PRESIDENT'S *Message*

During the 60th North Dakota Legislative Assembly which ended April 25, Bank of North Dakota achieved a number of goals. These goals included the passing of legislation to better balance the financial playing field for North Dakota residents seeking a financial solution to attend college themselves or on behalf of a family member.

A recent survey entitled *The Project on Student Debt* conducted by Thomson Learning Inc., highlights why BND found this topic important. The survey highlighted 1,400 four-year colleges and universities and the student debt level incurred by the class of 2005. The study showed that North Dakota ranked third highest with \$22,682 of overall student debt. South Dakota, Minnesota and Iowa also were in the top 10.

In this issue of the *BND Exchange* you'll see the Bank's focus on this topic is unwavering.

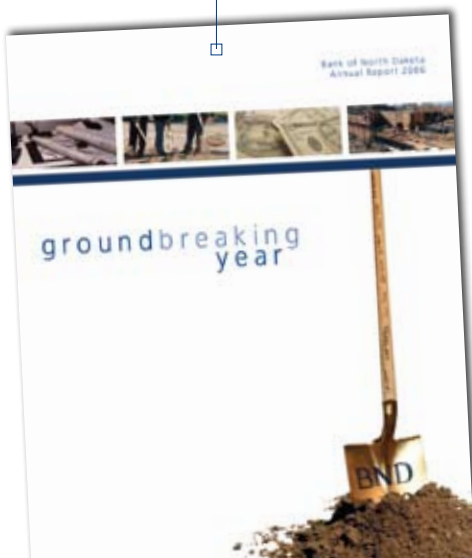
- This spring we succeeded in passing legislation that enabled us to lower the Dakota Education Alternative Loan (DEAL) interest rate, offer a variable and fixed rate option and create a competitive consolidation program.
- We championed House Bill 1091 which allows us to more fully enhance College SAVE, the state's 529 college savings plan. Benefits include a state tax deduction and matching grant of up to \$300 for qualified North Dakota residents.
- BND joined with State Treasurer Kelly Schmidt and multiple organizations to form the ND Jump\$tart Coalition and launch this important financial literacy vehicle for all North Dakotans.

Existing services such as Bridges Guidance Central, a comprehensive software program provided by BND to all public and private high schools in North Dakota, help raise test scores. College Information Service, a college planning service offered by Student Loans of North Dakota, answers student loan and financial aid questions, and provides coordinators who serve as liaisons between students, parents, counselors and financial aid professionals.

We are determined to create a better balance between debt management, scholarships, grants and savings so that students are not burdened with debt. BND will remain committed to this endeavor as we strive to deliver quality financial services to North Dakota. ■

E. Hardmeyer

The 2006 BND
Annual Report is
available online at
www.banknd.nd.gov



BND Helps Establish North Dakota Jump\$tart Coalition®

Imagine the next generation of North Dakotans understanding how to live within a budget, the value of a dollar, and how to make their money work for them with smart investing. Imagine North Dakota's aging population feeling secure about the level of their retirement funds.



Gov. Hoeven proclaims April 2007 as Financial Literacy Month.

Bank of North Dakota and Student Loans of North Dakota has played an instrumental role in the formation of an inspiring new partnership across our state to “jumpstart” financial literacy for North Dakotans of all ages.

The North Dakota Jump\$tart Coalition is a non-profit group whose membership consists of many individuals and organizations representing business, education, government and others who seek to improve the fundamental financial knowledge of the citizens of our state. It is the Coalition's goal to increase understanding of income, money management, spending, credit, savings, and investing.

“A life of financial success and security begins with a strong education,” said Kelly Schmidt, President of North Dakota Jump\$tart Coalition and North Dakota State Treasurer. “The North Dakota Jump\$tart Coalition tool chest is filled with resources made available from all members of the Coalition. Together we will work to educate our citizens so every North Dakotan can enjoy a lifetime of financial success.”

As one of its first accomplishments, the Coalition worked with Gov. John Hoeven to call attention to financial literacy in our state. Governor Hoeven proclaimed April 2007 as Financial Literacy Month through a written proclamation.

The North Dakota Jump\$tart Coalition is a proud affiliate of the National Jump\$tart Coalition for Personal Financial Literacy. For more information about the North Dakota Jump\$tart Coalition, or to become a member for free, visit www.ndjumpstart.org. ■



State Treasurer Kelly Schmidt announces the formation of ND Jump\$tart Coalition.

BND Enhances DEAL Loan Program

BND has implemented changes to its existing Dakota Education Alternative Loan (DEAL) program to better serve customers and give borrowers greater control over their student loan balances. DEAL, a supplemental student loan designed to assist borrowers in obtaining additional financing, allows borrowers to choose between a fixed or variable interest rate option on loans disbursed on or after July 1, 2007.

Also, the DEAL program now has a consolidation option

in which multiple alternative loans, including balances from other lenders, can be combined into one simple payment. Consolidation loans have up to a 25-year repayment term, based on account balance.

“We’ve worked hard to create one of the best alternative loans in the nation,” said Eric Hardmeyer, BND President. “Borrowers can be assured that the DEAL loan is a good option in funding their higher education goals.” ■

College SAVE has New Incentives

Gov. John Hoeven recently signed into law an enhancement that allows for an in-state tax deduction and funding for a matching grant program on behalf of North Dakota families saving for college through North Dakota's 529 plan, College SAVE. Executives at Bank of North Dakota (BND), which serves as Trustee and administers the plan, and the Industrial Commission of North Dakota, welcomed passage of the bill.

"This is a great opportunity for families in North Dakota to start saving sooner rather than later," said Gov. Hoeven. "Parents wanting to save for their children's education will have even greater incentives to do so."

Beginning with the 2007 tax year, North Dakota residents who make a contribution to a College SAVE account may take a state income tax deduction of up to \$5,000. Couples filing jointly could deduct as much as \$10,000 in contributions to the plan. Additionally, BND championed a matching grant program of up to \$300 for College SAVE investors who earn less than \$20,000 annually (or \$40,000 for couples who file jointly). North Dakota joins 31 other states that currently offer a state income tax deduction on investments into 529 plans. The state income tax deduction and matching grant program may be subject to certain limitations established by Bank of North Dakota.

"Parents and grandparents who are saving for college are taking an important step by investing in their children's future," said Attorney General Wayne Stenehjem. "The passage



Little Claire Bauman (on dad's lap) has a College SAVE account, and baby Hope will get one this summer. Photography by: Garry Redmann



Gov. John Hoeven explains the tax incentive at a College SAVE press conference on June 27.

Photography by: Garry Redmann

of the in-state tax deduction shows that North Dakota supports those families in trying to reach their goals.”

Friends, family – anyone can start an account, as well as contribute to an existing one. Bill and Lisa Bauman of Bismarck opened a College SAVE account last year for their daughter Claire, who’s now age two. This summer they plan to open one for three-month old Hope.

“I have only good things to say about this plan,” said Bill Bauman.

“And the enhancements the legislature has added make it that much better for all families to participate. I encourage anyone with children to join us and start a North Dakota College SAVE plan too!”

The matching grant program will be funded by fees that BND collects on College SAVE.

Agriculture Commissioner Roger Johnson stated, “The

matching grant program helps open the door to college savings for North Dakotans at these targeted income levels who may not traditionally save for college.”

Currently, nearly 11,000 families have saved \$330 million through College SAVE accounts.

In November 2006, BND overhauled College SAVE, reduced expenses and expanded investment options by naming Upromise Investments, Inc., as plan manager, and The Vanguard Group as

investment manager of the plan.

“The passage of House Bill 1091 provides a state income tax deduction, an additional incentive for families wanting to set money aside for future qualified higher education expenses,” said Eric Hardmeyer, BND president. “There is no better time than now to consider opening up a College SAVE account.” ■

“Parents and grandparents who are saving for college are taking an important step by investing in their children’s future.”

— Attorney General Wayne Stenehjem

College SAVE

Picture the Future

www.collegesave4u.com



BND: People Set Us Apart

Linda Rosen

Always ready to take on a new challenge, Linda Rosen has worked in several areas of BND during her 27-year career at the Bank. Linda worked in Word Processing and Retail and spent 17 years in Lending. Linda currently is the Operations Manager, in Banking Services.

In this role, Linda manages operations functions which include check processing, wire transfers, Automated Clearing House (ACH) and bookkeeping. Her duties also involves managing Loan Operations including loan disbursements, general accounting responsibilities and customer support activities.

Linda is a graduate of the North Dakota School of Banking and has received the BND Leadership Award. When asked about what she enjoys most about her job, her answer is as diverse as her BND experience.

“The challenge, the variety of tasks, working with all of the internal and external customers, and the ever-changing technology,” said Linda.

In her free time, Linda enjoys volleyball, boating, riding bike, sewing, crafting and baking. ■



During her 27-year tenure Linda has worked in many areas of the Bank.



Tom Redman

Tom Redman, Commercial and Farm Loan Manager at Bank of North Dakota, has spent the past 19 years with BND. What's kept him here so long?

“I enjoy working with the outstanding BND Lending staff and our correspondent banks to meet the financial needs of our customers. The strong working relationships built over nearly 20 years at BND makes my job interesting and very satisfying.”

In his role at the Bank, Tom supervises the Lending staff, directs the administration of Lending's loan portfolio, and compiles the annual operating budget for Lending. He maintains an individual loan portfolio, and is responsible for the analysis of new commercial and bank stock loan requests

Away from work, Tom is a family man. Both of his sons have been very involved in high school athletics and other school-related activities. Tom said, “It's a lot of fun to watch them compete and grow into young men.”

Tom enjoys golfing, floating the Missouri on his pontoon, and working in his yard with his wife. ■

Tom enjoys the working relationships he has developed both inside and outside of the Bank over the past 19 years.

BND Assists in New Transmission Line

Inadequate and unreliable power in western North Dakota oil fields will soon be a thing of the past, and Bank of North Dakota is doing its part to ensure that it is.

Basin Electric Power Cooperative is creating a \$33 million transmission line in southwestern North Dakota. For the first time in the state's history, a line will be built with the help of the North Dakota Transmission Authority. The 67-mile, 230-kilovolt line will run from an existing substation near Belfield to a new station near Rhame. Transmission studies in that area indicate the current system has reached its load limit.

Basin Electric is planning for construction to begin in 2009 with a completion date of one year later. The company is working on getting the required permits to move forward.

Bank of North Dakota is loaning \$25 million over a 20-year period for the project through its MATCH Program. The MATCH Program offers low interest, long-term rates to borrowers demonstrating a long term credit rating of A or better. Through MATCH, BND offers a rate of interest equal to .25% or .50% over an equivalent term U.S. Treasury Note.

BND is financing \$25 million of the expected \$33 million needed to complete the first phase of the project. It is the largest single loan ever given by BND. ■



BND President Eric Hardmeyer and Ron Harper, chief executive officer of Basin Electric Power Cooperative, shake hands after signing the \$25 million loan.



BND Graduates 10 in 2006-2007 Leadership Program

Congratulations to this year's Leadership Class. After many months of hard work, they successfully completed BND's Leadership Program. The leadership group was charged with forming the Membership/Finance Committee, which leads efforts to grow partners in the newly formed North Dakota Jump\$tart Coalition. These partners will support financial literacy education efforts and assist the Coalition in achieving its mission, whether monetarily, through volunteering or sharing educational talents. The culmination of the leadership program included a skit to portray all the leadership skills they learned including team building, strategic planning, working with different personality types and more.

Graduates this year from different areas of the Bank were Jamie Mertz, Annette Curl, Carinna Hendrickson, Julie Oglesby, Dorena Blumhagen, Bonnie Schneider, Lance Hill, Audree McLean, Jessi Hauck and Leslie Moszer. ■

SLND Hosts 2nd Annual Default Symposium

Student Loans of North Dakota (SLND)-Guarantor hosted its second Default Symposium in May to brainstorm new, innovative methods to reduce student loan cohort default rates across the state. The sessions, which included representatives from colleges, lenders and guarantee agencies, concentrated on practical default prevention techniques that benefit students and their families. ■

Bank of North Dakota *Happenings*

Student Loan Anniversaries to be Celebrated

This year, BND is celebrating its 40th anniversary of making the first federally insured student loan in the United States, and Student Loans of North Dakota (SLND)-Guarantor celebrates its 25th anniversary as North Dakota's designated guaranty agency for federal student loans. ■



Hardmeyer Becomes NDBA Chairman

In June, BND President Eric Hardmeyer began his year as the Board Chairman of the North Dakota Bankers Association. Established in 1884, NDBA is the statewide association serving and representing the entire broad spectrum of banks in the state of North Dakota. The association's mission is to create and preserve an economic, political, and educational climate which enables its members to compete effectively and profitably by providing the broadest range of financial services, consistent with fundamental principles of safety and soundness. ■

SLND Honored at NDASFAA

At the North Dakota Association of Financial Aid Administrators (NDASFAA) conference in Valley City in April, Student Loans of North Dakota received the President's Award in appreciation for dedication and commitment to students and the financial aid profession. NDASFAA is dedicated to promoting professional growth, increasing cooperation and better serving the needs of students in North Dakota. ■



Eberle Selected as UMACHA Board Chair



Dale Eberle, senior vice president of Banking Services, was selected to serve as board chairman for the Upper Midwest Automated Clearing House Association (UMACHA). Since 1974, UMACHA has educated financial institutions about the ACH network and assisted members in implementation, control, problem solving, and marketing of all Automated Clearing House (ACH) products and services. Financial institutions and corporate members across the Midwest choose UMACHA as a key resource to enhance their understanding of electronic payments. As board chair, Eberle will have direct involvement in supporting the organization's mission, as well as continuing to keep UMACHA as a key national force in dealing with Automated Clearing House issues. ■

The logo for BND Exchange, featuring the letters "BND" in a small font above the word "Exchange" in a larger, stylized font.

BND
Bank of North Dakota

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